

# Club of Rome Conference

## on Concerted Strategies for International Development

By Martin LEES



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Martin Lees, former Secretary General of the Club of Rome, contributed this to *Japan SPOTLIGHT* to commemorate the foundation of the Club's Japanese National Association and the nomination of the Japan Economic Foundation (JEF) as its secretariat. Two members of the association participated in the international conference mentioned below.



### Introduction

The challenges of international development are profound and interconnected. The definition of international development as a process of social and economic change is widely debated and contested. From the holistic, strategic standpoint of the Club of Rome, development is placed in an interdisciplinary context and its main goal is to improve the quality of life for humans and to provide them with the opportunity to develop their full potential. This goal will become even more difficult to attain as the world population rises to around 9 billion people in 2050.

It is becoming increasingly clear that the classical models and strategies of growth and development are destroying the global environment, overusing resources, generating widening disparities and excluding billions from the benefits of progress. This implies that new strategies must be applied to lay the foundations of new models of development, globalization and growth. The Club of Rome is pursuing an ambitious program to contribute to such a breakthrough.

The International Conference "Concerted Strategies for International Development in the 21st Century" took place in Bern on November 17-18, 2010, hosted by the Club of Rome in cooperation with the Swiss Agency for International Development. In total, 58 participants from about 25 countries participated in the conference, including Dr. Micheline Calmy-Rey, Foreign Minister and now President of Switzerland, Dr. Martin Dahinden, Director General of the Swiss Agency for Development Cooperation, members of the Club of Rome, distinguished international experts and high-level representatives of international organizations, development agencies, research institutions, industry and NGOs.

The Bern conference was a key step in the Club of Rome's program on a "New Path for World Development." It builds on the content and conclusions of the Club's preceding activities on the climate, energy, ecosystems and water and on financial system reform, economic strategies and globalization. This systematic approach ensures the proper "system integration" of the three critical sets of issues: environment, economy and development. (See [www.clubofrome.org](http://www.clubofrome.org))

The Bern conference contributed to the worldwide debate now in progress on models, goals and policies to advance international development, in particular:

- It clarified the scale and urgency of the emerging challenges in the field of development, economic growth, employment and environment and the importance of the connections between them;
- It outlined the major issues connected with the dynamics of the world population, including the aging of populations and the implications for growth and employment;
- It raised questions about our current models and assumptions on how jobs can be created and sustained. Do we have the correct "prices" for labor and capital? Can sustainability and job creation become "twin objectives"?
- It assessed how development assistance policies should be adapted in response to the longer-term trends in international development.

### Review of Global Challenges

International development is undergoing dramatic transformation. Societies in both developing and developed countries are changing rapidly in response to urbanization, democratization, economic reform and globalization. Developing countries are no longer a homogeneous bloc, and Western countries no longer have a hegemonic position in the world. Emerging countries are placing themselves on an equal footing with the industrialized world and challenging the long-established architecture of international cooperation and the patterns of international decision-making.

Poverty has declined in many developing countries due to a number of factors, including strong growth and targeted policies. Countries such as India, China, Mexico, Brazil and many others are well on their way to building middle-class societies. However, over one billion people suffer from hunger and deprivation while more than two billion people live on less than \$2 per day and are excluded from the benefits and opportunities of progress. The present path of world development is clearly failing to meet the needs of



several billion people today – and more tomorrow. New ideas and new commitment to the cause of world development will be essential if we are to preserve world peace and a secure and liveable environment.

OECD non-member economies increased their share of global output from 40% in 2000 to 49% in 2010. It is estimated that this share will further increase to 57% in 2030 if current trends continue. In addition to their strong economic growth, emerging economies are also rapidly increasing the assistance they provide to poorer developing countries, often on conditions very different from the long-established conditions of official development assistance (ODA) as determined by the Development Assistance Committee of the OECD.

However, the economic growth models adopted by both emerging and developing countries mostly follow the Western fossil fuel-driven path leading to a major increase in CO<sub>2</sub> emissions and to pollution and biodiversity loss. The lack of sustainability brought on by the consequent overuse of resources and environmental degradation is arguably the greatest challenge to human development. The worsening of key measures of sustainability, particularly the carbon emission increase and the rapidly increasing ecological “footprint” of humanity, confirm the alarming trends.

The critical question for the future is therefore: “How can we meet the needs and aspirations of a growing world population while preserving a viable climate and environment?” The Club of Rome noted in *“The Limits to Growth”* (1972) that exponential growth in consumption, exploitation of resources, pollution and waste could not continue indefinitely on a finite planet. Forty years later, it is evident that prospects for stable, sustainable and peaceful world development will be conditioned by tightening environmental and resource constraints. The present path of world development and the established growth paradigm do not take proper account of the destruction of the environment caused by the rising impact of human activities, or of the essential contributions of natural capital and ecosystem services to human existence, or of the value of public goods, such as the atmosphere, the oceans, wetlands and rivers, or of the consequences of current activities for the living conditions and opportunities of future generations. These critical aspects are a focus of the Club of Rome program.

## Focus Theme – Population

Besides the net increase in numbers of people supported by the planet, the demographic structure of the world population is shifting profoundly. Most developed countries are experiencing an increase in the proportion of the population that is old whereas the developing world, where fertility remains high in many countries, displays a high proportion of a younger, impatient population. This implies that an increase in the global population to around nine billion by 2050 is almost certain. And almost all of this increase will occur in the developing world.

For example, the population of Sub-Saharan Africa is now around 800 million, up from 611 million in 2000. It is expected to grow to around one billion over the coming decade and to 1.6 billion by the middle of the 21st century. China still has today a young population which will continue to grow over the coming two decades as more women reach reproductive age before it enters a population decline. At the same time, populations in many countries are getting older but starting from very different levels: in Europe the proportion of the population older than 60 will likely increase from 20% now to around 40% by 2050; in China it will triple from 11% to 35%, while in Africa it will only increase from 4% to 7% over the same period.

The number of young adults in many developing countries is increasing rapidly. This “global youth cohort” phenomenon is a pervasive trend in all developing countries – in 2000 there were 517 million people aged 20-24, and it will be 600 million in 2020 and 634 million in 2040. Even under an optimistic economic growth scenario, it will be a challenge to create new jobs for these additional 120 million people in societies which are already suffering massive unemployment.

In almost all developing countries, women with more education have a lower desired family size, better health and lower child mortality. This leads to the conclusion that education matters in this respect more than income. However, progress in educating girls and women has been very slow. If speeded up, it could help to break the vicious circle of high population growth and poverty.

Population trends are closely interlinked with mega-trends of the 21st century in many subtle ways. Such factors as age, household size, urbanization, level of income, lifestyle, culture and tradition, and

population distribution determine levels of per capita CO<sub>2</sub> emissions. The effects of additional population growth in developing countries where per capita emissions are low should be considered together with the effects of shrinking populations in most of the developed countries, which have the highest per capita emissions.

In the context of adaptation to climate change, demographic and education trends are also crucial. More specifically, improved education and health could result in a greater capacity to adapt to change. Also, a higher level of education creates a better understanding of the behaviors and lifestyles which are more sustainable. In combination with policies and programs at the global, national and household levels to promote a green economy, education can positively influence adaptation capacity: thus, committing added resources to education offers many benefits and certainly qualifies as a “no-regret” strategy.

### Focus Theme – Employment

Around 46 million new workers join the world’s labor force each year. “The challenge that the world faces is one of creating productive jobs not just for the millions who will be joining the labor force but also for the millions who are currently unemployed, underemployed, engaged in low-productivity survival activities or discouraged” (the ILO). For example, in the United States, 14.6 million are officially jobless, 5.9 million have stopped looking for jobs and 8.5 million can only find part-time work. Formal unemployment remains at nearly 10%, the highest level in almost 30 years.

However, the 20th century also brought a remarkable growth of employment overall. Since 1960, the working-age population in the OECD countries has grown fourfold, more people are working than ever before, but in absolute numbers more people are unemployed because the population is larger and a higher proportion of the population seeks jobs. Global employment maintained positive momentum right up to the onset of the current recession. From 1996 to 2007, the global population increased by 16% within a single decade, but total global employment grew even faster, by 17%.

Unemployment has become an indicator of crucial importance for a proper understanding of international development. Jobs matter for various reasons: hunger is significantly linked to the absence of purchasing power which arises from unemployment; it is impossible to fight poverty successfully and in a sustainable way without creating enough jobs for the poor; large-scale unemployment threatens the social order in every country of the world; disenfranchisement, disillusionment and alienation are closely linked to joblessness; unemployment has far-reaching consequences for migration; and broad-based support for long-term sustainability largely depends on whether the essential needs of people are met. An unemployed worker in Europe or a landless laborer in Asia has little commitment to action to address climate change unless this action produces jobs.

The main reason for the failure of economic policy to reduce unemployment is that it views employment in the economy in isolation whereas, in reality, employment is the foundation of social and economic progress. A call was made at the conference for a theory of economics based on the premise that all members of society have a right to employment, a theory that would not only affirm the right to employment but would also propose the structures and processes by which this can be achieved.

### Focus Theme – Development Aid

Development cooperation is a contested space where alternative ideas, interpretations and conceptions vie for acceptance. New ideas are under discussion to meet the new conditions of a world in radical transformation. The flow of aid is today only one of many financial flows between developed and developing countries and it has now been outpaced by foreign direct investment.

Africa in particular needs new policies that to a larger degree should build on investment rather than grants. Reliance on grants has too often generated an extensive and harmful dependence on aid money and donor intervention.

The following trends in ODA were the focus of discussion:

- **Bilateral development assistance as we know it, except humanitarian and relief assistance, would increasingly be concentrated in Africa.**
- **The multilateral aid system must either be reformed or it will weaken. Governance reform and accountability require serious attention; and a significant reduction in the number of development aid institutions should be effected. Development assistance institutions should put more emphasis on the enhancement and protection of global public goods.**
- **Aid policies should take better account of the radical transformations in progress across the world and should target assistance to the diverse needs and conditions of developing countries.**
- **Climate change and the need for adaptation, particularly in agriculture and coastal habitats, should attract serious consideration.**
- **The link between fossil fuels and economic growth should be severed, including the transfer of necessary low-carbon, resource-efficient technologies.**

### Conclusions

The Bern meeting was an important step in the Club of Rome’s program on a “New Path for World Development.” Based on the Club’s previous work on the climate, energy, ecosystems and water, and on finance, economic growth and globalization, it integrated the dimensions of demographic change, employment and international development and helped clarify important connections between these issues.

It underlined that in an interdependent world, the issues of world development are central to the economic progress, environment and security of each and every nation state. The deliberations of the meeting will be fed into the worldwide networks of the Club of Rome and into the policy discussion now in progress and thus can be complementary in developing new approaches to face the critical challenges that lie ahead. **JS**

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